

APPLICATION OF SURCHARGE TO SALES AND SERVICES

Effective: July 1, 1995
Revised: April 20, 2001
Owner: Rick Platt and Paul Kroff

PURPOSE

To establish Division policy on how and when a surcharge is applied to the sale of products and services provided by Information Technology Services (ITS). (See the Rate Setting Policy and Procedure)

SCOPE

This policy applies to Information Technology Services' sale of products and services for which an established rate or subscription does not exist.

BACKGROUND

The Division of Information Technology Services is an internal service fund. This requires that all costs be recovered through the application of certain billing methods. The costs to be recovered include actual costs and direct and indirect overhead. Whenever possible, the Division will develop a rate or subscription that is based on actual costs and applied overhead to be charged back to its customers.

Many of the products and services provided by the Division are of a nature that make the development of an established rate or subscription impractical or impossible. For example, products and services provided on a one-time basis, such as phone sets, network circuits and routing hardware, local telephone company charges, or implementation of new or changing technologies where no prior history exists upon which to base a rate, fee, or subscription. In these cases, a surcharge is to be applied to recover overhead costs incurred by the Division. When cost data can be accumulated over time, the Division may bill the customer on a cost-plus-surcharge basis until the data can be gathered, analyzed, and a rate or subscription developed.



DEFINITIONS

An established rate or subscription is one which has been submitted to and approved by the Rate Committee and the Legislature.

POLICY

The amount of surcharge to be applied shall be at the discretion of ITS management. It may be calculated as a percentage of actual costs incurred, or it may be a flat dollar amount. In some cases, the surcharge may be negotiated with the customer.

The surcharge to be applied shall be reviewed by the ITS Budget and Rates Manager and the Admin/Finance Manager for accuracy and reasonableness then approved by the ITS management committee prior to implementation.

After one year, the data shall be reviewed to determine if a new rate or subscription should be developed.

